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Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 EB-08 OMB-01 TRSE-00 DOE-15 SOE-02 SMS-01
COME-00 AID-05 FRB-03 XMB-02 OPIC-03 STR-07 /123 W
----------086506 122251Z /64
R 120930Z SEP 78
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 5829
INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TRIPOLI 1261

E.O. 11652: GDS
TAGS: ECON, ETRD, ENRG, LY, US, UR
SUBJECT: SOVIET TRADE COUNSELOR COMPLAINS OF PAYMENTS PROBLEM

1. COMMERCIAL COUNSELOR OF SOVIET EMBASSY, VIKTOR CHAIKA, CALLED ON U.S. ECONOMIC-COMMERCIAL OFFICER SEPTEMBER 11 TO DISCUSS LIBYANS' SLOW PAYMENTS TO USSR. CHAIKA, WHO ALWAYS SPEAKS ONLY OF RUSSIANS' "COMMERCIAL" SALES UNDER HIS JURISDICTION, EXCLUDING WEAPONS SALES AND PROJECT CONTRACTS, EXPRESSED CONCERN AT DELAYS IN LIBYAN PAYMENTS TO USSR. HE ASKED WHETHER WE ARE EXPERIENCING SIMILAR DELAYS, TO WHICH WE RESPONDED THAT WE HAVE RECEIVED FEW COMPLAINTS FROM U.S. SUPPLIERS. CHAIKA WAS INTERESTED IN DEGREE TO WHICH REDUCED PETROLEUM EXPORTS IN 1978 WERE BEHIND PAYMENTS DELAYS, AND WHETHER U.S. HAD FOR POLITICAL OR OTHER REASONS REDUCED ITS IMPORTS OF LIBYAN OIL. WE ESTIMATED THAT OIL REVENUES WERE DOWN ROUGHLY TEN PERCENT IN FIRST HALF OF 1978, BUT NOTED THAT EXPORTS TO U.S. HAD APPARENTLY HELD STEADY AND THAT OTHER BUYERS WERE RESPONSIBLE FOR THE DECLINE. CHAIKA HAD NO VERY SPECIFIC IDEAS ABOUT REASONS BEHIND PAYMENT DIFFICULTIES, ONLY THE DECLINE IN OIL REVENUES AND SUPPOSED EXCESS OF PURCHASING AND PROCUREMENT ACTIVITY.

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2. CHAIKA ALSO COMMENTED ON WORKER SEIZURES OF COMPANIES AT QADHAFI'S INSTIGATION. HE SAID SEVERAL COMPANIES IMPORTING FROM USSR HAVE BEEN TAKEN OVER. HE CLAIMED THAT IN SOME CASES PENDING SOVIET-LIBYAN TRANSACTIONS WERE BEING RE-EXAMINED AS RESULT OF CHANGES IN MANAGEMENT OF THESE FIRMS, BUT EXPECTED THAT IN THE END ONLY CHANGE WOULD BE "GRUDGE-BATTLES" AND REPLACEMENTS OF SOME MANAGERS INCLUDING

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SOME OF THE MAJOR BRIBE-TAKERS.

3. CHAIKA NOTED THAT RUSSIANS BOUGHT 1.1 MILLION TONS OF LIBYAN OIL (AMNA AND SARIR TYPES) IN 1977 AND EXPECTED TO TAKE 2 MILLION TONS IN 1978. "NOT ONE TANKER" OF THIS OIL HAD BEEN SENT TO RUSSIA; ALL HAD BEEN SHIPPED TO BAHAMAS AND CARIBBEAN REFINERIES ACCORDING TO CHAIKA. HE SAID SOVIET COMMERCIAL DELIVERIES TO LIBYA IN 1977 AMOUNTED TO ABOUT $30 MILLION. (COMMENT: THIS AMOUNT INCLUDED SOME TRUCKS FOR LIBYAN ARMY, AND IS INSIGNIFICANT IN COMPARISON TO AMOUNT OF SOVIET MILITARY SALES TO LIBYA, ABOUT WHICH SOVIET EMBASSY OFFICIALS UNDERSTANDABLY DO NOT GO INTO MUCH DETAIL.) CHAIKA COMMENTED WITH SATISFACTION ON THE LARGE FLOW TO LIBYA OF AMERICAN OIL PAYMENTS, MUCH OF WHICH THEN FLOWS TO USSR (FOR ARMS), "A NICE BUSINESS ALL AROUND".

4. ON TRIPOLI STAFFING PATTERN, CHAIKA SAID HE HAS TEN PEOPLE FOR HIS COMMERCIAL OPERATION WHILE HIS ECONOMIC COUNSELOR COLLEAGUE HAS 25 (U.S. EMBASSY HAS THREE PEOPLE FOR ECONOMIC AND COMMERCIAL FUNCTIONS). ECONOMIC AND COMMERCIAL SECTIONS ARE AT DIFFERENT LOCATIONS, BOTH SEPARATE FROM MAIN EMBASSY.

5. CHAIKA SAID HE HAD READ IN TRIPOLI NEWSPAPER THAT U.S. AND LIBYA WERE ABOUT TO EMBARK ON DIALOGUE. EMBASSY OFFICER EXPRESSED MILD CURIOSITY THAT SUCH
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REPORT, OF WHICH HE WAS NOT AWARE, HAD APPEARED IN PRESS BUT DID NOT DENY ALLEGED CONTENTS OF REPORT.

6. COMMENT: AS USUAL, MOTIVES BEHIND SOVIET APPROACHES TO EMBASSY HERE ARE OBSCURE. CONCEIVABLY, RUSSIANS HAVE DIFFICULTY EXPLAINING TO MOSCOW WHY THEY ARE NOT RECEIVING FAVORED TREATMENT IN THE MATTER OF COMMERCIAL PAYMENTS AND ARE SEEKING ADDITIONAL PERSPECTIVE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE COMPLAINTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TRIPOL01261
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780371-0481
Format: TEL
From: TRIPOLI
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780974/aaaacjox.tel
Line Count: 103
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: cfe2df51-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1460880
Secure: OPEN
Status: NATIVE
Subject: SOVIET TRADE COUNSELOR COMPLAINS OF PAYMENTS PROBLEM
TAGS: ECON, ETRD, ENRG, LY, US, UR
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/cfe2df51-c288-dd11-92da-001cc4696bcc
Review Markings:
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